

Minutes
Urbana-Champaign Senate Meeting
November 5, 2012

A regular meeting of the University of Illinois at Urbana-Champaign Senate was called to order at 3:14 pm on the 3rd floor of the Levis Center with Chancellor Phyllis Wise presiding and Professor Emeritus Kenneth E. Andersen as Parliamentarian.

Approval of Minutes

11/05/12-01 The minutes from October 8, 2012 were approved as amended.

Senate Executive Committee Report

Faculty Senator Matthew Wheeler (ACES) and Chair of the Senate Executive Committee (SEC) requested floor privileges for Associate Provost Katherine Galvin to speak to RS.13.01 and Associate Chancellor Menah Pratt-Clark to speak to EQ.13.01.

11/05/12-02 Floor privileges were granted as requested without objection.

Faculty senators Joyce Tolliver (LAS) and H. F. (Bill) Williamson (LAS) and student senator Jordan Morris (LAS) served as tellers for the meeting.

Wheeler noted that there are several important resolutions and two presentations on today's Senate agenda. The first presentation by Associate Chancellor and Vice Provost for Budgets and Resource Planning Michael Andrechak was an update on the University and campus budgets. The second presentation by Laurence Schook was about the UI Labs project. Wheeler also noted that there will be an important item introduced under new business.

Chancellor's Remarks

Chancellor Wise informed the Senate that a summit had been held on online learning in the past week. One of the key speakers was Daphne Koller, one of the founders of Coursera. Wise was asked to serve on the University Advisory Board for Coursera. Members of that board include the four original universities and five other universities including Illinois.

Visioning Future Excellence is moving forward. In November small group discussions, roughly 30 people each, will be held, brainstorming, and then suggestions for actions. This will be for the Cultural Understanding and Social Equality theme and also the Environment and Energy theme. The goal of the groups will be to propose actions that will take place after that. These groups will mainly be faculty, but also includes students, and academic professionals.

Wise intends to work hard on developing a diversity action plan that is ambitious, sustainable, and meaningful. It is not only an important issue for equity, but also an important issue for excellence. Wise will be using the DACT (Diversity Administrative Coordinating Team) committee that was started last year and will be adding a few people that will develop a way to not only recruit and maintain more faculty, students and staff of color, but actually broaden the definition of diversity. Also to make Illinois a welcoming and respectful place for all the people we would like to join the Illinois community.

Questions/Discussion

Faculty Senator Burbules (EDU) noted that all of the videos from the Summit on Online Education are posted on the Office of Continuing Education website including Daphne Koller's talk and all of the panel discussions. <http://oce.illinois.edu/Programs/SummitonOnlineEducation2012>

Proposals (enclosed)

11/05/12-03 CC.13.05* Nominations for Membership on Standing Committees of the Senate

On behalf of the Committee on Committees, Chair Prasanta Kalita, moved approval of the nominee on proposal CC.13.05. There were no floor nominations and nominations were declared closed.

11/05/12-04 By voice vote, the nominee on CC.13.05 was approved.

11/05/12-05 SC.13.08* SEC Statement on the Potential Loss of Exemption Authority

SEC Chair Wheeler referenced the SC.13.08 document in the meeting packet. Exemption authority allows Illinois to determine which positions are classified as AP (academic professional) and which are classified as civil service. SC.13.08 supports retaining the exemption authority.

11/05/12-06 On behalf of the SEC, Chair Wheeler moved approval of SC.13.08.

11/05/12-07 By voice vote, the motion to approve SC.13.08 passed.

11/05/12-08 EQ.13.01* Resolution on Diversity Values Statement

Equal Opportunity and Inclusion Committee Chair Harry Hilton referenced the EQ.13.01 document in the meeting packet, and called attention to the two resolutions at the end of the document in support of the Diversity Value's Statement and to monitor diversity implementations.

11/05/12-09 On behalf of the Equal Opportunity and Inclusion Committee, Chair Hilton moved approval of EQ.13.01.

11/05/12-10 By voice vote, the motion to approve EQ.13.01 passed.

11/05/12-11 RS.13.01* Resolution in Response to the Illinois Student Senate Resolution AA.2013.09, Protection Against Retaliation

Student Senator Monte Beaty (GRAD) presented his resolution that campus departments withhold retaliation against students choosing to peacefully participate in a potential work action and further urges both the GEO (Graduate Employee's Organization) and the University Administration to advance to a timely and fair resolution in regards to contract negotiations

This resolution does not choose sides; the language was amended after receiving recommendations from SEC members. This resolution is similar to a resolution passed by the Senate in 2009.

Faculty senator Barrett (LAS) expressed his strong support of this resolution. He felt the request was modest and does not ask for support of the GEO. Faculty senator Tolliver (LAS) thanked the authors for the even-handed language used in the resolution, and gave her support for the resolution. Student Senator and Student Body President Gebhardt (LAS) noted that the resolution was passed through the Illinois Student Senate (ISS) unanimously and strongly urged support of the resolution.

Associate Provost Galvin noted that everyone is working hard at the bargaining table to avoid a strike and in the best interests of the students, faculty, and campus as a whole. The resolution calls for ensuring the legal rights of our employees are protected and Galvin noted that the campus is very focused on ensuring those legal rights. If a strike does occur there are two main objectives to fulfill. The objectives are to ensure that disruptions for our undergraduate students are minimized as much as possible, and to inform colleges and departments in order to inform the faculty of the need to be cognizant of employee's legal rights. If a legal strike goes forward, the employees have a legal right to strike or not to strike, and the departments must honor that choice. No one should attempt to influence or intimidate employees either way. No monetary compensation can be distributed to employees that are not performing work. Chancellor Wise

reemphasized that those in the administration are working very hard to prevent a strike from occurring, and that the objectives Galvin outlined are hypothetical.

11/05/12-12 Student senator Monte Beaty (GRAD) moved approval of RS.13.01.

11/05/12-13 By voice vote, the motion to approve RS.13.01 passed without opposition.

Current Benefits Issues

Faculty and Academic Staff Benefits Chair John Kindt noted that elections will be held tomorrow. US Constitutional Amendment 49 is on the ballot, but not listed by this title. The text of the amendment is not listed on the ballot, only a summary is provided. The News Gazette has recently reported on both sides of the issue. Kindt reminded all present that University resources cannot be used in support of any political activities and any political activities must not interfere with employment obligations to the University.

Reports

11/05/12-14 HE.13.02* FAC/ IBHE Report – October 19, 2012

11/05/12-15 UC.13.03* USC Report – October 15-16, 2012

11/05/12-16 SUR.13.01* SURSMAC – October 8, 2012

Presentations:

University/Campus Budget Updates

Associate Chancellor and Vice Provost for Budgets and Resource Planning Michael Andrechak gave the following presentation. (PowerPoint slides can be found at:

http://www.senate.illinois.edu/121105_budget.pdf)

Andrechak extended an offer to individuals or groups of faculty that are interested in further details to meet and spend time explaining budget materials.

Five years ago this campus was on a path to bankruptcy. More money was spent than what was taken in, costs were escalating, and our accrediting agency, The Higher Learning Commission, cited the campus's deteriorating finances in a letter to the University President.

It is critical that all have an understanding of what the financial health of our campus. It shows the capacity to move through difficult times. Critical questions are how the status of financial health is measured, what the current status is, what the appropriate balances are, and how the balances are being used.

Unrestricted funds are the funds used for day-to-day operations. These funds include state funds, tuition, and ICR. How are these funds measured and how much should we have?

The university's annual financial statement was reported and received some controversy over the growth from \$65 million to \$687 million. The statement is a four campus statement; the three campuses and the University Administration. The Urbana campus share of the \$687 million is \$137 million. Much of the difference between the numbers is growth of the financial health of the medical center at the Chicago campus. Not all of these funds are unrestricted in the sense that they are available for general use on the campus.

Self-supporting funds are part of the auxiliary system; housing, the Illini Union, veterinary clinic, and similar activities. Under state regulations those funds are not transferable outside of those entities. \$80 million are quasi-endowments; self-insurance reserves that are held at the University Administration. Plant funds are funds set aside primarily for facility renovations. There are truly unrestricted funds (state, tuition, and ICR) reported at \$149 million which is a significant underreporting of funds.

Urbana's \$137 million is broken out in State/institutional funds negative \$5.5 million, self-supporting (housing, Illini Union, veterinary clinic) \$50 million, and \$92 million in plant funds for facilities including housing and academic units. The negative \$5.5 million is underreported. The value of vacation and sick leave that is earned in one fiscal year and paid in the next is all adjusted at negative \$117 million. The carry-forward at the end of FY11 was \$100 million.

If the financial report is not an accurate representation, what should be look at? To get a sense of where the University is and where the University has been we want to look at the truly unrestricted funds that are held in accounts throughout the campus. The sum of all of these accounts at the end of the year is called carry-forward. It is a measure of institutional flexibility. The state appropriations, tuition, and institutional funds is what really measures flexibility.

The reason restricted funds are not helpful in determining the flexibility of the campus is because they are guided by contractual rules. It is not legal or appropriate to move funds from areas such as housing, Illini Union, or veterinary hospital to unrelated, though very good purposes. It is important to keep these funds where they are to ensure these entities are truly self-supporting and can cover day-to-day operations and upkeep of these facilities. Even unrestricted funds that are mostly held at the college and department level have restrictions. Significant fund balances reflects a number of faculty lines to support new hires. A significant portion is also "owned" by individual faculty; startup packages, humanities and art research funds, faculty share of ICR. These funds are protected once they are distributed to faculty or a department.

Looking at where the campus was in the past few years, unrestricted funds were at \$30 million at the end of FY04 and by FY08 the balances was at negative \$60 million. The campus spent \$90 million dollars more than revenues over this five year period. There was a total of a \$215 million deficit over the three campuses. This campus was in serious financial trouble.

Spending was growing at a much higher rate than the CPI. The CPI does not fully acknowledge what it costs to run the University. Utility costs tripled, the national market for faculty salaries increased, financial aid went up, facilities costs increased as the state withdrew support of capital projects, this campus is expensive because of the focus on science and engineering, and the number of students grew, particularly more graduate students.

This campus began an effort without outside oversight to take a significant look at costs and steps to ensure financial stability and ways to bring in more revenue. These cost reduction efforts were aimed at protecting the institution, to protect quality and access for students, and protecting the community. Other institutions laid-off hundreds of employees. If our campus laid-off employees, it would negatively affect the community and the quality of life. Stewarding Excellence initiative, the voluntary separation, service center initiatives in colleges, and purchasing initiatives reduced costs substantially and helped to gain stability. Taking steps to ensure stability include a multi-year planning process, annual hiring plans, multi-year utility purchasing, and avoiding long-term commitments where possible.

The campus went from \$30 million to negative \$50 million, and right now at a \$150 million balance. Deficits are down \$230 million to \$93 million. We are in a solid financial position. There are major facilities projects, over 300 faculty searches in three years, Strategic Excellence hiring program, small class initiative, and massive increase to financial aid.

A carry-forward balance of \$30 million puts the campus at too much risk. A college and department goal of 15%-35% of their recurring budget should be the carry-forward target.

Major financial challenges that the campus faces include the State of Illinois cash flow issues, pension shortfalls, and state competitiveness, access and affordability is an issue, maintaining and improving facilities, and transforming undergraduate education.

There is a normal lag from the time a claim is sent to the state and the time the claim is paid. The state currently owes the university \$370 million.

Illinois used to be the fourth richest state in GDP, but is now ranked near fourteenth. Illinois has fewer jobs and are paying less. The state is putting more money in higher education than it appears because the funds are being used to fund pensions. The SURS unfunded liability is still growing despite the state's efforts. Illinois is one of the highest cost public institutions in the nation, and costs are growing beyond the capacity to pay. A significant number of students have unmet financial need.

In the past, the university has relied on the state to fund facility upgrades. Student fees help maintain some deferred maintenance; the fee helps the campus not fall further behind. The campus does not have the money to support the type of renovations that are needed.

Deficits are being eliminating, improving unit financial positions, paying off long-term debt, trying to pay forward when possible, and investing in development activities. These will leave the university less vulnerable to future funding challenges.

Improving facilities is being addressed with the student deferred maintenance fee and the help from departments and colleges. Protecting the student experience is being accomplished by redirecting cost savings to financial aid and transforming undergraduate education.

All of our peer institutions are facing similar significant financial challenges. We have taken the first steps to move forward as a quality institution.

Faculty senator Mintel (MED) asked what fraction of the budget goes towards the Chicago medical center. Andrechak noted that the medical center budget is in the \$40-\$50 million range.

Faculty senator Barrett (LAS) inquired about the funds from the 2009 mandated furloughs. Andrechak indicated that decisions in 2009 were made based on the data that was presented during the financial crisis. Further funding decisions have been made to protect the campus from future furloughs.

UI Labs Project

Vice President for Research Laurence Schook gave the following presentation. (PowerPoint slides can be found at: http://www.senate.illinois.edu/121105_uilabs.pdf)

Schook gave thanks for the support in his new role as Vice President for Research and the opportunity to speak to the Senate. The presentation will focus on the convergence of taking control of our own future, and how this is accomplished in a state with declining economics. The goal was to create a vision for the future of the University of Illinois. The University struck out on three accords. First was to become a strong strategic advocate of the University of Illinois; our story was not being told nationally and now The Office of Government Relations is advocating for the University of Illinois nationally. Second is to as value creation; making sure all of efforts are appreciated. Finally, ensure that the legacy of innovation is continued.

The concept of UI Labs refers to the future of today. The future of the mid-west region has been under discussion. The new assets are human resources. The future depends on how the human resources are developed and how this new knowledge is created and applied through innovation and entrepreneurial zeal. The University's innovation, creativity, and outreach into the community aids in creating a sustainable economy.

One aspect of UI Labs is the conceptualizing period that includes thoughts on visualizing what UI Labs could be and realizing that vision. The University of Illinois has a responsibility to lead the discussion on new knowledge emerging from university research that is needed by society.

This last year has been an enormous discourse on the topic of conceptualizing. BOT Chairman Kennedy challenged the University to lead the dialogue and connecting the dots between industry, governments, and communities.

The Governor's Innovation Council was the idea to use innovation and talent from Illinois universities in the communities. There is a perception that there are few opportunities for students and therefore students are going to the east and west coasts. One of the ideas is to create a very strong future for our students and communities here in Illinois. The Council also called for a way to connect the dots between universities, businesses, private sector, government and local communities.

This tri-state region that houses some of the best universities in the world has really underperformed in terms of taking those ideas and talented students and creating a vibrant economy. There is a call for a stronger voice and stronger presence from the University of Illinois.

This is the 150 anniversary of the Morrill Act which calls upon the University of Illinois to look at labor and industry as the hallmark of our foundations. The question was how would the University of Illinois begin to connect those dots between universities, government, and the private sector to retain talent, support company formation, economic development, community sustainability through our innovation and creativity. To address the "how" we used the visualizing process and did not focus on "what" or "who" at this point. How could the University of Illinois begin to lead this dialogue?

Internal and external advisory groups were created. This dialogue began by asking how the University of Illinois would move forward in conceptualizing a new initiative in the twenty-first century. There was an opportunity to talk with the President and Chancellors. Chancellor Wise appointed a visioning team to address what our core competencies are and how to begin to lead the future.

When we looked at the feedback during the visioning process, took a look at internal visioning and external stakeholders. Internal and external feedback was in alignment with what the University of Illinois should be doing. Internally there is a need to have a vehicle for empowering people and ideas, a future of increased competitiveness and enhanced sustainability, a hub of innovation, a global destination so we can continue to bring the best students and faculty to the University of Illinois, and a partnership of defined missions. Externally there is a chance to create a diverse dynamic community, an intersection of great ideas, research hub, leaders of innovation, a magnet for the best talent, and leaders in technology.

The University of Illinois has core competencies and a competitive advantage in computers and computing sciences. The idea that the University of Illinois is trying to creating the MIT on the prairie is troubling. When we look at the MIT and the University of Illinois, the clear distinction is the human dimension.

Realizing gives us a model that permits us to support the mission. UI Labs would be a not-for-profit with an affiliation agreement with the University, and with University of Illinois representation. This would allow us to protect the academy while at the same time addressing the stakeholder needs of the citizens of the state of Illinois and communities. This model provides the attributes of empowerment, responsiveness, timeliness, agility, and flexibility.

Defining the "what" and the "who" is the next steps. Thoughts to date have been focusing on the "how", a vehicle that empowers us to be able to compete in a flexible, speedy responsive way. The opportunity to define the "what" and the "who" will be driven by faculty lead initiatives addressing grand challenges. The idea is to avoid a top down idea of what is going to be done and to provide a vehicle to secure that the best ideas from the faculty being realized.

The University was founded on the concept of providing the support and outreach to support the growth of our communities. What is conceptualized is a twenty-first century version of an experiment station which has the idea of empowering people to come together and share ideas. The original idea was to help our farmers become competitive in the world and to have sustainable communities. UI Labs is similar. It is where individuals can come together and make stronger communities. We have a responsibility as the University of Illinois to provide a leadership role, and provide opportunities in our communities so students are not leaving the area.

Faculty Senator McLaughlin (LAS) questioned the inclusion of arts and humanities in the visioning process and the future of the University of Illinois. Schook noted that right now “how” is being focused on and not “what”. The ideas should come from faculty rather than having an idea dictated. We have to have an answer to the “how” first, the “what” will change over time. If the “how” is not correctly identified first, disappointment will follow. This is also a partnership with the University of Illinois, government, and businesses. Specific have not been identified or focused on yet. This is a way for the University to work together in building new relationships.

Faculty senator Thomas Anastasio (LAS) noted that it takes a significant amount of time and effort to start and maintain a new business. It appears faculty are either doing research or focusing on a start-up. Anastasio questioned if there is a middle ground that can be achieved. Schook responded that in his opinion taking a leave of absence to create a start-up is not a good model. There is the question of why Stanford or MIT is perceived as better than the University of Illinois. The perception comes from the energy from the communities surrounding the institutions. Schook’s opinion is that the University has not been well served by the businesses in the state of Illinois. If businesses do not show appreciation of Illinois students, they are going to go elsewhere. The best and brightest students are leaving and there is a need to keep them closer to home. We are aware that there is a need to do things differently.

Faculty senator Tolliver (LAS) indicated that it was her understanding that this presentation is a report of the potential structure for a partnership with University of Illinois researchers and industry. That it is not a general vision for the future of the University of Illinois. Schook noted that this as a way to protect what exists and still move forward. Looking at the history of the University’s research park and extension services, what is being debating is the definition of an industry. One hundred fifty years ago it was a homesteading farmer and now it is a corporation. There has to be respect for the difference, but the expectations of the University of Illinois to help those industries and sustainability of those communities is still the same.

Schook added that every spring The Office of Technology Management has a showcase program and this year it is focusing on intellectual property in the humanities and arts, and the role of the humanities and arts in a new economy.

New Business

11/05/12-17 Chair Wheeler made a motion to discuss the topic “Proposed Amendments to the University of Illinois *Statutes* and the *General Rules* Concerning University Organization and Procedure”.

11/05/12-18 The motion was seconded and passed by voice vote.

Chair Wheeler asked University Senates Conference (USC) Chair Nicholas Burbules to introduce this proposed amendment. Burbules emphasized that this is an item of new business and only a discussion, no action will be taken. Burbules noted his desire to take action on this item at the December 3, 2012 Senate meeting. This proposal is from the Board of Trustees (BOT) in consultation with President Easter to modify the title of the Chancellor’s title on all three of the campuses. The BOT and President felt this small change could be pulled out separately from the larger one-year review of the *Statutes* and *General Rules* and acted on more expeditiously. When

President Hogan was implementing changes to the *Statutes* and *General Rules* he recommended adding the title "Vice-President" to the Chancellor, emphasizing the role of Vice-President over Chancellor. At the time of the recommendation, this Senate rejected those changes. This language went forward without the support of this Senate. The specific purpose of this change is to reverse the order of the title "Vice-President/Chancellor" to "Chancellor/Vice-President". This emphasizes that the responsibility of the position is first as Chancellor of the campus and also has a responsibility to the University as part of the President's cabinet. This is the compromised position put forward and Burbules indicated his support of this change.

University Statutes and Senates Procedure (USSP) Chair William Maher noted his anticipation to address with this document at the next USSP meeting and put it in a format that can go forward at the next Senate meeting. Maher asked for clarification of the term "ministerial changes". Burbules responded that an example of a ministerial change might be changing a word from singular to plural, or the changing of pronouns. These are not intended to be substantive changes, but only editorial. Wheeler noted that the document included in the Senate meeting packet is a summary. The USSP will format the document presented to the Senate in the usual format of using brackets and underlining.

H. George Friedman, a member of USSP, expressed concern at the haste that this is being put forward, but supported the proposed changes. This is a process that usually takes at least a year. It takes time to make changes properly. Rushing through the process causes errors and is not advisable. There was a rush to put through adding "Vice-President" to the Chancellor's title in the *Statutes* and *General Rules*. It now appears that more time should have been taken in making those changes. Friedman objects to hastily providing advice on the proposed changes. He also expressed concern that that a precedent might be set by moving too quickly with changes to the *Statutes* and *General Rules*, and also about the scope of ministerial changes and the separation of ministerial changes and substantive changes. Friedman also suggested asking the BOT to report to the Senate any such ministerial changes.

Burbules noted that neither the BOT nor the President gave a time limit for addressing this change. This is a straight forward change of reversing the titles. Chair Wheeler reiterated that the President did not set a time limit. Chair Wheeler noted that the USSP will follow the process and will take the time needed to follow that process.

Faculty senator Kagan (LIBR) expressed his opinion that the original opposition to the changes should stand, and suggested removing "Vice-President" from the title. Faculty senator Weech (LISC) reiterated concern over ministerial changes and requested that more assurance be given from the BOT that any ministerial changes will come to the Senate, and not just to USC. Chair Wheeler noted that the USC and the three Senates are all involved in changes to the *Statutes* and *General Rules*. Faculty senator Roszkowski supported the original wording which would remove the title "Vice-President", and expressed his desire for more information about the need to include the Vice-President title.

Wheeler requested that faculty senators Joyce Tolliver (LAS), William Maher (LIBR), and Mary Mallory (LIBR) ensure the established process will be followed. All three faculty senators agreed to this request.

Adjournment

The meeting adjourned at 4:51 pm.

Jenny Roether, Senate Clerk

*Filed with the Senate Clerk and incorporated by reference in these minutes.